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EXTRAORDINARY

भाग II — खण्ड 2

PART II — Section 2

प्राधिकार से प्रकाशित

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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।  
Separate paging is given to this Part in order that it may be filed as a separate compilation.

## RAJYA SABHA

The following Bill has been introduced in the Rajya Sabha on the 15th March, 2021:—

BILL No. XX OF 2021

*A Bill further to amend the Insurance Act, 1938.*

BE it enacted by Parliament in the Seventy-second Year of the Republic of India as follows:—

1. (1) This Act may be called the Insurance (Amendment) Act, 2021.

Short title and  
commencement.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

2. In the Insurance Act, 1938 (hereinafter referred to as the principal Act), in section 2, in clause (7A), for sub-clause (b), the following sub-clause shall be substituted, namely:—

Amendment  
of Section 2.

"(b) in which the aggregate holdings of equity shares by foreign investors including portfolio investors, do not exceed seventy-four per cent. of the paid-up equity capital of such Indian insurance company, and the foreign investment in which shall be subject to such conditions and manner, as may be prescribed;"

Amendment  
of section 27.

**3.** In section 27 of the principal Act, in sub-section (7), the *Explanation* shall be omitted.

Amendment  
of section 114.

**4.** In section 114 of the principal Act, in sub-section (2), for clause (*aaa*), the following clause shall be substituted, namely:—

"(*aaa*) the conditions and manner of foreign investment under sub-clause (*b*) of clause (7A) of section 2;"

## STATEMENT OF OBJECTS AND REASONS

The Insurance Act, 1938 was enacted to consolidate and amend the law relating to business of insurance in the country. The foreign investment in insurance sector was permitted in the year 2000 by allowing the same up to 26 per cent. in an Indian insurance company. Subsequently, *vide* the Insurance Laws (Amendment) Act, 2015, this limit of foreign investment was raised to 49 per cent. of the paid-up equity capital of such company, which is Indian owned and controlled as per the rules made in this behalf.

2. In order to achieve the objective of Government's Foreign Direct Investment Policy of supplementing domestic long-term capital, technology and skills for the growth of the economy and the insurance sector, and thereby enhance insurance penetration and social protection, it has been decided to raise the limit of foreign investment in Indian insurance companies from the existing 49 per cent. to 74 per cent.

3. Accordingly, the Insurance (Amendment) Bill, 2021, amending the Insurance Act, 1938, seeks, *inter alia*, to provide for—

(i) substitution of sub-clause (b) in the definition of "Indian insurance company" in clause (7A) of section 2 of the Insurance Act, 1938, so as to raise the limit of foreign investment in an Indian insurance company from the existing 49 per cent. to 74 per cent. and to allow foreign ownership and control with safeguards;

(ii) omission of the *Explanation* to sub-section (7) of section 27.

4. The Bill seeks to achieve the above objectives.

NIRMALA SITHARAMAN.

## MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 4 of the Bill seeks to amend section 114 of the Insurance Act, 1938, which provides that the Central Government make rules for the conditions and manner of foreign investment under sub-clause (b) of clause (7A) of section 2.

2. The matter in respect of which the aforementioned rules may be made are matters of procedure and administrative details, and as such, it is not practicable to provide for them in the proposed Bill itself. The delegation of legislative power is, therefore, of a normal character.

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DESH DEEPAK VERMA,  
*Secretary-General.*